

## Fund Objective

The objective of the portfolio is to provide long-term capital growth by investing in financial companies from around the world. This feeder fund portfolio primarily invests in participatory interests of the FSCA approved Denker Global Financial Fund, a sub-fund of the Irish domiciled Sanlam Universal Funds plc. The portfolio may also hold ancillary liquid assets including cash and/or money market instruments. The Portfolio may, where the Manager considers it in the best interests of the Fund, invest up to 100% of its net assets in securities traded in or dealt on the stock exchanges or regulated markets considered by the manager to be emerging markets.

## Fund Strategy

The fund utilises its database and long experience of the financial sector to invest in financial companies with the search focused on companies that have a good track record of growing their net worth, whilst maintaining the discipline of investing only when they are undervalued.

## Why Choose This Fund?

- The fund invests in undervalued financial companies around the world, the research focus being on undiscovered or neglected stocks.
- The fund employs an active stock-picking investment process.
- It is a Rand denominated fund. No foreign exchange tax clearance is required.

## Fund Information

Ticker	SGFFA1
Portfolio Manager	Kokkie Kooyman
ASISA Fund Classification	Global - Equity - Unclassified
Risk Profile	Aggressive
Benchmark	MSCI World Financial Index
Fund Size	R 281,479,792
Portfolio Launch Date	01/03/2011
Fee Class Launch Date	01/03/2011
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	2nd business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunitrusts.co.za
Repurchase Period	3 business days

## Fees (Incl. VAT)

### A1-Class (%)

Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.15
TER	2.35
TC	0.01
TIC	2.36
TER Measurement Period	01 January 2021 - 31 December 2023

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

\*Denker Sanlam Collective Investments Global Financial Feeder Fund.

\*\*The main fund this feeder fund is investing in is a non-distributing fund, hence no income may be available for distribution.

MDD Issue Date

15/03/2024

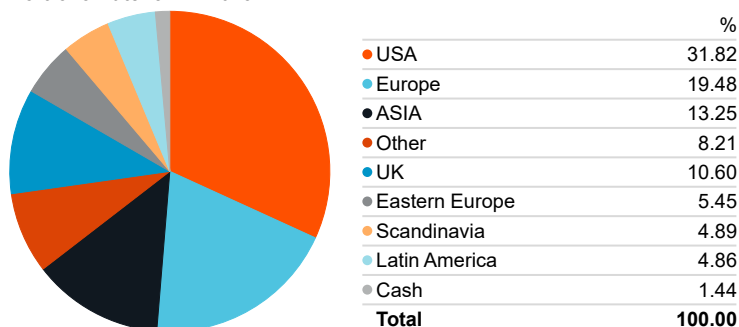
## Top Ten Holdings

Portfolio Date	(%)
31/12/2023	
US Bancorp	5.94
JP Morgan	4.73
Legal & General	4.72
Swedbank	4.66
OSB Group PLC	3.64
Lancashire Holdings Limited	3.63
TBC Bank	3.56
Erste Bank	3.32
Shinhan Financial	3.31
Chubb Ltd	3.29

These are the top holdings of the offshore fund in which this feeder fund invests.

## Asset Allocation

Portfolio Date: 31/12/2023



## Annualised Performance (%)

	Fund	Benchmark
1 Year	21.25	20.62
3 Years	17.12	18.79
5 Years	13.31	16.76
10 Years	11.78	14.10
Since Inception	13.46	16.49

## Cumulative Performance (%)

	Fund	Benchmark
1 Year	21.25	20.62
3 Years	60.67	67.61
5 Years	86.80	117.05
10 Years	204.58	273.82
Since Inception	416.46	627.54

## Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

Highest Annual %	37.67
Lowest Annual %	-5.69

## Risk Statistics (3 Year Rolling)

Standard Deviation	19.08
Sharpe Ratio	0.63
Information Ratio	-0.18
Maximum Drawdown	-19.67

## Distribution History (Cents Per Unit)\*\*

31/12/2020	0.00 cpu	31/12/2019	0.00 cpu
31/12/2020	0.00 cpu	30/06/2019	0.00 cpu
30/06/2020	0.00 cpu	31/12/2018	0.00 cpu

Administered by

# Denker Sanlam Collective Investments Global Financial Feeder Fund

## Minimum Disclosure Document

As of 29/02/2024

**DENKER**  
CAPITAL

### Risk Profile

#### Aggressive

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

### Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

### Glossary Terms

#### Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

#### Annualised Returns

Annualised return is the weighted average compound growth rate over the period measured.

#### Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

#### Capital Growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

#### Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

#### Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

#### Feeder Fund

A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

#### Liquidity

The ability to easily turn assets or investments into cash.

#### Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

#### LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

#### Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

#### Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 45% for foreign (offshore) assets.

#### Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

#### Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

#### Undervalued Equity Stocks/ Investing in Neglected Global Equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

### Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available on request from the Manager. Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained on request from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12- month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrustsmdd.co.za](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

#### Denker Capital (Pty) Ltd

(FSP) License No. 47075

Physical Address: 6th Floor, The Edge, 3 Howick Close Tyger Falls, Bellville 7530

Postal Address: PO Box: Private Bag X8, Tyger Valley 7536

Tel: +27 (21) 950 2603

Email: [service@denkercapital.com](mailto:service@denkercapital.com)

Website: [www.denkercapital.com](http://www.denkercapital.com)

#### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd

Physical Address: 55 Willie van Schoor Avenue, Bellville, South Africa, 7530

Postal Address: Private Bag X8, Tyger Valley, 7536

Tel: +27 (21) 916 1800

Email: [investorrelations@denkercapital.com](mailto:investorrelations@denkercapital.com)

Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

#### Trustee Information

Standard Bank of South Africa Ltd

Tel: +27 (21) 441 4100

Email: [compliance-sanlam@standardbank.co.za](mailto:compliance-sanlam@standardbank.co.za)

Administered by



## Portfolio Manager Quarterly Comment

Quarter to December 2023

### Market review

Markets shrugged off rising international and domestic political tensions to finish the year strong. Over the course of 2023 the NASDAQ and the S&P 500 gained 44.6% and 26.3%, respectively. In the final quarter, a combination of economic and employment resilience and surprisingly good inflation numbers offered investors a welcome reprieve as the market rapidly repriced the Fed's future policy trajectory. The tech heavy NASDAQ gained 13.8% in the quarter while the S&P 500 delivered 11.7% total return. The yields on bonds with ten years to maturity declined from 4.6% to 3.9% resulting in gains for investors.

### Portfolio review

The financial sector reacted well to the lower bond yields in the quarter, with the fund's A class gaining 15.1% (vs. the MSCI World Financials Index benchmark of 13.2%). It was a year of two halves (or rather, quarters) as most of the 12-month returns were due to a strong bounce-back in Q4. For the full year, the MSCI World Financial Index gained 16.2% and the fund 20.8% - outperforming by almost 5%.

We did expect the sector to perform well at the beginning of the year (from attractive valuations) but the contributors over the 12 months were very different from what we expected:

- The top contributor was India: Only HDFC Bank performed poorly (+3%) whilst Shriram Finance (+76%), LIC Housing (41%) and Indusind Bank (+40%) generated an average return of just over 40% on a ~10% position in the fund.

- Three other shares, that few investors will know, that helped generate the outperformance were Bank of Cyprus (+89%), National Bank of Greece (+78%) and BCP (75%). All three were super cheap at the beginning of the year but due to various risks the investment sizes were small.

The banks that sold down in Q1 bounced back strongly in Q4: US Bancorp and Keycorp as well as Regional in Mexico all gained 30%+ whilst OneSavings Bank (UK) gained 42%.

The largest holding in the fund (JP Morgan) gained 17% in the quarter and 26.8% over the 12 months, which is excellent performance considering that it is the largest bank in the world. Its performance was due to its experienced top team, with Jamie Dimon as CEO, and the fact that it benefitted from the regional banks deposit flight scare in March which enabled it to buy First Republic for almost nothing.

Notable detractors over the 12-month period were the two US regional banks, Keycorp (bounced back strongly in Q4) and Signature Bank. In the quarter the detractors were the property and casualty insurers, Arch Capital, Renaissance Re and New York Community Bancorp (NYCB) on fears of its possible exposure to non-performing commercial real estate loans.

### Changes to portfolio and outlook

We made quite a few smaller changes to the portfolio during the quarter (post strong price moves). The largest were adding Truist (a US regional bank) and Bank of Ireland. At the beginning of the quarter we added American Express. These purchases were funded by reductions in our holdings of OneSavings Bank and Keycorp (after they gained >50%) and bringing the Citi and TBC holdings down a bit.

Despite the fund's 20.8% gain in 2023, the sector remains very mispriced. The gain was generated by the fund's investments in India and Europe (as per above) and then in Q4 the bounce-back of One Savings Bank and Keycorp, for example (the fund benefitted due to purchases after the fall), added to performance. The sector (and the fund), however, remain cheaper on a P/NAV and PE basis in January 2024 than in January 2023.

These low valuations reflect the continued fear of possible bad debts and net interest margin compression in H1 2024. Our stance remains that the market is wrong in this assessment and during the year the sector should re-rate to reflect the higher ROEs (returns on capital).

*Note: All returns included above are in US dollar terms.*

### Portfolio Manager

Kokkie Kooyman  
 BCom (Hons), HDE, CA (SA)